Chris Baker

Chapter 12

Facts

1. Capital gain in an increase in the value of stock from what is was originally paid for.
2. Common stock pays a variable dividend while preferred stock has a fixed dividend. Common can vote preferred can not.
3. People who are looking to make money sooner should invest in income stocks while those looking for long term should invest in growth stocks.
4. Young businesses have a greater risk because they are less established then blue chip stocks. Blue chip stocks are well known large businesses like walmart.
5. Defensive stocks are items people will always need so they are economy proof. These may include drugs food and health care
6. The par value is an assigned arbitrary value to your stock whereas market value is what somebody would actually pay for said stock.
7. The factors that affect the price of stock are the company, interest rates, the market, and earnings per share. Financial situation current interest rates and the market for services directly cause prices to go up or down.
8. The New York stock exchange is the largest in the US. To get on a company must meet a minimum number of public shares and dollar market value requirements.
9. To be listed with NASDAQ a company must have given out at least 100,000 shares and have a worth of 1 million dollars.
10. A bull market is optimistic with rising stock while bear market is pessimistic with falling stock.

14. P/E-is the price/ earning ratio. It is the price of stock divided by earning. s-split stock pf- preffered stock

15. They use stock index to judge the performance of their investments. The most famous is the DOW